

Message Text

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11

ACTION EB-11

INFO OCT-01 EA-11 ADP-00 AGR-20 AID-20 NSC-10 RSC-01

CIEP-02 TRSE-00 SS-15 STR-08 OMB-01 CEA-02 L-03 H-03

CIAE-00 COME-00 FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12

LAB-06 SIL-01 PA-03 PRS-01 USIA-15 IGA-02 NSCE-00

RSR-01 /168 W

----- 004122

R 200345Z JUL 73

FM USLO PEKING

TO SECSTATE WASHDC 449

INFO AMCONSUL HONG KONG

AMEMBASSY MANILA

AMEMBASSY JAKARTA

C O N F I D E N T I A L PEKING 0607

E.O. 11652: GDS

TAGS: ETRD, CH, US, EAGR

SUBJECT: US WHEAT SOLD TO PRC

1. THE US CARGILL COMPANY CONCLUDED A CONTRACT IN PEKING JULY 19 FOR THE SALE OF 500,000 TONS OF US WHEAT TO CHINA AT A TOTAL PRICE OF \$74 MILLION (C.I.F. \$148 PER TON). THE WHEAT WILL BE DELIVERED BETWEEN AUGUST AND DECEMBER, 1973, AT A RATE OF 100,000 TONS PER MONTH.

2. CARGILL SALES REP JEREMY LANG INFORMED USLO THAT NEGOTIATIONS ON THE SALE WERE TOUGH ALTHOUGH THEY LASTED ONLY TWO WEEKS, AND THE PRICE WAS THE VERY LOWEST CARGILL COULD GO IN THE CURRENT RAPIDLY FLUCTUATING MARKET. IN THE END, THE CHINESE ACTUALLY ASKED FOR MORE GRAIN THAN CARGILL IS NOW PREPARED TO SUPPLY. AFTER ACCEPTING LANG'S 500,000 TON OFFER, THE CHINESE ASKED FOR AN ADDITIONAL 500,000 TONS OF WHEAT AT THE SAME PRICE, AND FOR 500,000 TONS OF US CORN, ALL FOR DELIVERY IN THIS CALENDAR YEAR.
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WHILE CARGILL DOES NOT NOW FEEL IN A POSITION TO ACCEPT

THESE ADDITIONAL ORDERS, LANG THINKS IT LIKELY THE PRC WILL BUY AT LEAST THIS MUCH MORE GRAIN FOR DELIVERY IN 1973 AND THE FIRST QUARTER OF 1974 AND CONSIDERS THE US THE MOST LIKELY SOURCE. HE WAS TOLD BY HIS CHINESE COUNTERPARTS THAT THE CANADIAN AND AUSTRALIAN WHEAT BOARDS WOULD NOT BE SENDING SALES TEAMS TO CHINA UNTIL SEPTEMBER OR OCTOBER. LANG ALSO UNDERSTANDS THE CHINESE ARE IN MARKET FOR SOYBEAN OIL, FOR 1974 DELIVERY.

3. ALTHOUGH PORT OF DESTINATION WILL NOT BE DETERMINED UNTIL APPROX ONE WEEK BEFORE DELIVERY, THE CHINESE SPECIFIED FOLLOWING POSSIBLE DELIVERY POINTS: DAIREN, CH'IN-HUANG-TAO, HSINKANG, TSINGTAO, SHANGHAI, HUANG-PU, AND CHAN-CHIANG. SHIPMENT MAY BE BY ANY CARRIER OTHER THAN THOSE OF TAIWAN, SOUTH AFRICA, PORTUGAL, AND ISRAEL.

4. WHILE THE CHINESE ARE CURRENTLY PAYING HIGH PRICES FOR WHEAT, SOYBEANS, AND OTHER COMMODITIES, LANG POINTED OUT THAT CARGILL VERY RECENTLY PAID \$400 A TON FOR A SMALL SHIPMENT OF PRC RICE WHICH CARGILL WILL PROBABLY SELL IN THE PERSIAN GULF. LANG DID NOT KNOW HOW MUCH RICE CHINA HAS AVAILABLE FOR EXPORT THIS YEAR. HE UNDERSTANDS, HOWEVER, THAT 100,000 TONS WAS SOLD TO INDONESIA AND 100-200,000 TO THE PHILIPPINES IN RECENT MONTHS, PROBABLY AT PRICES SOMEWHAT BELOW THE CURRENT \$400 LEVEL.

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